RV BUSINESS

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RV Makers Hold the Line on '90 Prices

RV manufacturers have found themselves embroiled in something of a "price war" as the 1990-model year gets under way, prompting RV producers to limit price hikes to the absolute minimum to keep pace in an intensely competitive marketplace.

"There's been such a price war out there, with everybody getting their '89s (old model-year inventory) out, that everyone's holding their prices," reported Robert A. Gottschalk, vice president for the RV Group of Coachmen Industries Inc., Elkhart, Ind. "Actually, I think everybody probably needs more of a price increase than was actually taken. I think everybody is hoping the lull in sales will pass so that we can all go back to getting legitimate markups."

Gottschalk noted that the RV marketplace—in emerging from a year in which RV sales (excluding vans) may have sustained a 15% setback—is as competitive as it has been in years. "It (price competition) is probably worse than it has been since '81, meaning more widespread," said Gottschalk, whose firm is asking for initial retail price hikes of only 2% or less for 1990. "There are a lot of small operators who have moved in with low overhead. They're eking out a living, and they're causing some problems in the market, temporarily. It's not as bad as 1979 and '80, but the market is tight."

Along those lines, Jayco Inc., Middlebury, Ind., which last year levied some fairly aggressive price hikes, dropped prices marginally for 1990 on its low-line towables, confirmed National Sales Manager Chuck McKinney. In addition, Jayco maintained existing pricing on its truck campers and mini-motorhomes, while boosting prices of folding camping trailers by 2%.

"It (Jayco's pricing policy) reflects the market," McKinney said. "What trips off (price increases) are our suppliers, and we just didn't get hit with component-parts price increases as we started our '90 production. So, if they don't (raise prices), we don't (raise prices) either."

Thus, while RV-manufacturing executives interviewed indicated that there could be more sticker-price upticks as the model year proceeds, it appears that the RV industry has taken a more conservative course in debuting 1990 models than it did at the opening of the 1989-model year, when mounting raw material costs drove up some companies' prices by as much as 9%.

RV pricing this fall is also following a more moderate path than followed by the Big Three automakers: General Motors Corp. has raised prices 4% to 6%; Ford Motor Co.'s price tags are up 3% to 12%; and Chrysler Corp. raised its stickers by 3% to 8%,

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DEALER OF THE YEAR: Utah dealer Robert Jensen is the 1990 Dealer of the Year. See page 32.

WDA, RVDA Make Agreement to Hold Joint Convention in 1990

The Warehouse Distributors Association (WDA), RVDA of America and RVDA of Canada have agreed to jointly sponsor an expanded 1990 Convention and Exposition/Executive Conference for RV dealers, aftermarket retailers, warehouse distributors and suppliers. The inaugural joint event will be held in Las Vegas, Nev., Oct. 7-12, 1990.

The agreement was announced by RVDA of America President Bill Thomas, RVDA of Canada Vice President Eldo Kunz and WDA President Larry Boyd, who explained that the format of the 1990 conference will enable all three organizations to realize a long-held goal of promoting closer cooperation and dialogue among the various segments of the RV industry. Each of the sponsoring organizations will hold its own sessions, but members will jointly attend a general session, an expanded aftermarket expo-

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COVER PHOTO: IRENE CLEPPER

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Utah-based Robert Jensen, vice president of Blaine Jensen & Sons RV Centers, is the 1990 Dealer of Year. An exceptional commitment to consumer care and strong family-oriented values distinguish this year's winning RV retailer.

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Attendees at RVIA's 37th Annual L.A. RV Show at Dodger Stadium can take advantage of this show section's exhibitor listings, floorplans, overview of show events, and handy guide to downtown sightseeing and dining near the stadium.

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AUGUST MAINTAINS STATUS QUO

GAYLORD MAXWELL

August wasn't too shabby in terms of RV sales, according to RVB's Dealer Advisory Board (DAB). Compared with the previous year, sales were much the same but up slightly. Both new and used units were in the plus column. The amount of dollars taken in increased by 4%.

By 13 to 10, more DAB members were up than down in sales, and the size of the dealership seemed to make no difference in whether it was up or down.

Compared with August of last year, two of the five RV types (travel trailers and fifth-wheels) were ahead in sales of new units. Used units did even better, with four of the five RV types outdoing August 1988 and the remaining type identical with last year's monthly tally.

Year-to-date, the picture was not quite as bright. Thirteen dealers were down in dollars taken in, and 10 were up. Total unit sales were slightly behind last year's pace, but the total dollar amount was still up just slightly. One RV type (fifth-wheels) showed an increase in new-unit sales, but all other categories were down. For used units, all five types were down.

Profits for the month also were down just a bit compared with last August, according to the DAB. Generally, profits were rated fair to good. Used units were still bringing good prices, and the service-and-accessory business was generally rated good to excellent. Bottom lines received fair to good ratings. Inventories seemed to be in good shape, but both lot traffic and the percentage of new buyers received only poor to average ratings.

The best indicator from the August report was that it appeared, at least for the time being, that the downward trend had flattened out.

Motorhomes

More motorhome dealers on the DAB were down than up in new-unit sales in August compared with the same month last year. The big guys did better than the small ones; in fact, only one large dealership failed to exceed last year's new-unit total, whereas three-fourths of the small- or medium-size dealerships were off of the mark.

Profits were surprisingly good for this time of the year, according to the DAB. Ratings were generally good to fair. The used-unit total was the same as last August.

Year-to-date, motorhomes were down a bit. There's really no reason to believe that the situation will change in the near future.

Travel Trailers

Actually, there was no general travel-trailer boom in August, although the 36% increase over last August suggested that there was. The reason: Two of our board members experienced unusual sales, and their totals accounted for the impressive increase in new units sold. Otherwise, the picture was quite in line with the past months of this year: only slightly down from the same month a year earlier.

Profits for this category were unusually good for the month. Although most ratings were fair to good, there were four excellent marks, the most for any month in a very long time. Both new and used fared well.

Year-to-date, the category was still running a little bit in the minus column. However, if August was a portent of the future, the year could end up with an increase. It's possible, but not too probable.

Truck Campers

New-unit sales were still on the slow side. Both of the camper specialists on our DAB were off last year's new-unit pace. Used totals were a bit better and managed to get in the plus column. Profits were rated good to excellent.

The year-to-date picture in August was about the same as in previous months. It's quite apparent that sales were sluggish, and there's no reason to expect them to change.

Folding Camping Trailers

Dealers of this type reported relatively poor sales in August. By a two-to-one margin, they reported that sales were down from the previous August. Even the fold-down specialists were in the minus col-

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	AUG. 1989	AUG. 1988	% CHANGE	1989	1988	% CHANGE	AUG. 1989	AUG. 1988	% CHANGE	1989	1988	% CHANGE
MOTORHOMES	142	160	-11	1,238	1,263	-2	174	174	0	1,186	1,221	-3
TRUCK CAMPERS	21	29	-28	180	219	-18	17	15	+13	117	133	-12
FIFTH-WHEELS	45	32	+41	328	285	+15	30	16	+86	166	171	-3

	FOR MONTH			YEAR-TO-DATE		
	AUG. 1989	AUG. 1988	% CHANGE	1989	1988	% CHANGE
TOTAL UNIT SALES	800	752	+6	6,197	6,343	-2
USED UNIT SALES	403	356	+13	2,663	2,749	-3

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Holgeson,** Seattle, Wash.; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindland,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Leonard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Wayne Peay,** Albuquerque, N.M.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Dave Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *continued*

umn. Used sales were slightly up, however.

As might be expected at this time of the year, profits tended to be on the soft side as dealers tried to unload for the winter.

The year-to-date sales figure dropped into the minus column after being positive for many months, due to the effects of a

Profits tended to be on the soft side as dealers tried to unload for the winter.

discount buy and sale by one of our board members. In all probability, that cumulative figure will drop even lower before the end of the year.

Fifth-wheels

This champion category made an enormous surge in August in both new- and used-unit sales. Most fiver dealers were up in both new and used. Profits were good, too, with three dealers reporting them as excellent.

The substantial gain for the year by DAB members who stock fifth-wheels suggested strongly that retiree buyers were still out in force. That fact should be exploited. Δ

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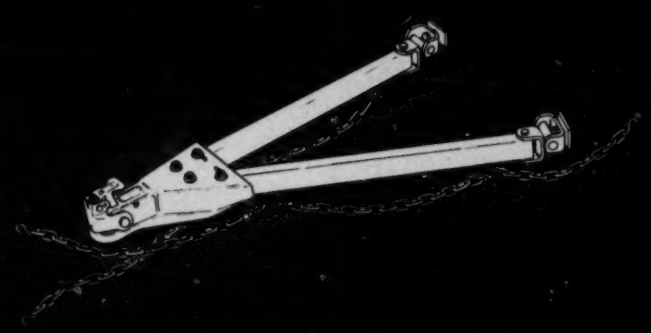

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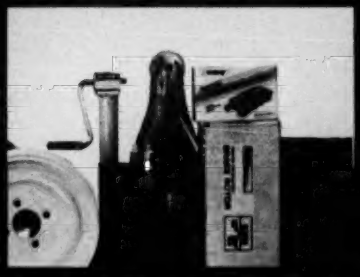

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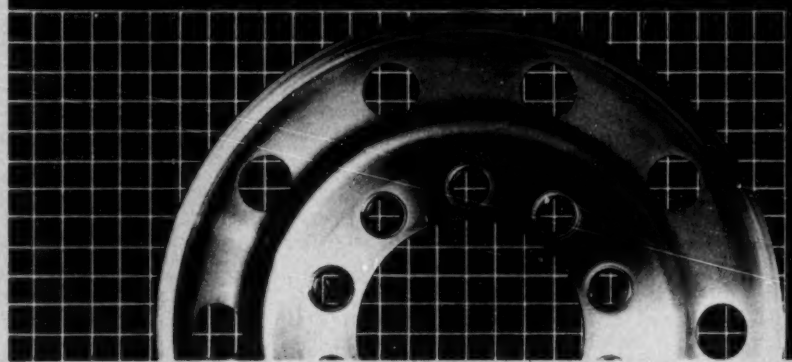

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